



THE COUNCIL OF THE CITY OF BINGHAMTON
STATE OF NEW YORK

Date: November 20, 2013

Sponsored by Council Members: Webb, Motsavage, Matzo, Rennia, Mihalko, Berg, Papastrat

Introduced by Committee: Finance

RESOLUTION

entitled

A RESOLUTION APPROVING A CORRECTIVE
ACTION PLAN IN RESPONSE TO THE NEW
YORK STATE COMPTROLLER'S REPORT ON
THE APPARENT MISAPPROPRIATION OF
PARKS AND RECREATION DEPARTMENT
FUNDS

WHEREAS, the State Comptroller performed an audit covering the period between January 1, 2007 and January 5, 2013, and released a report of such audit containing recommendations that corrective actions be taken; and

WHEREAS, a Corrective Action Plan has been prepared by representatives of the City; and

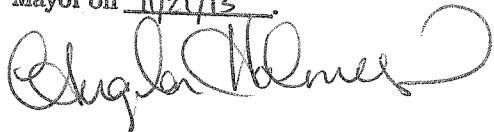
WHEREAS, the Council of the City of Binghamton wishes to approve the Corrective Action Plan.

NOW, THEREFORE, the Council of the City of Binghamton, duly convened in regular session, does hereby:

RESOLVE that the Corrective Action Plan is hereby approved in the form annexed hereto; and be it further

RESOLVED that this Resolution shall take effect immediately.

I hereby certify the above to be a true copy
of the legislation adopted by the Council
of the City of Binghamton at a meeting
held on 11/20/13. Approved by the
Mayor on 11/21/13.



November 20, 2013

Andrew A. SanFilippo
Executive Deputy Comptroller
State of New York
Office of the State Comptroller
110 State Street
Albany, NY 12236

Re: Report of Examination
Report No. 2013M-169

Dear Mr. SanFilippo,

Please accept this letter from the City Council of the City of Binghamton as the Corrective Action Plan in response to your October 3, 2013, Apparent Misappropriation of Parks and Recreation Department Funds Report of Examination. As you are aware, the City of Binghamton uncovered the misappropriation of funds by the City's former Director of Parks and Recreation, John Whalen. The City immediately reported it to the Broome County District Attorney. The District Attorney and City then requested the New York State Comptroller's Office to conduct an audit to review the records to assist with the prosecution. The City appreciates all of the NYS Comptroller's hard work on this matter.

Regarding the City's Corrective Action Plan, the City is responding to the three Recommendations on page 8 of the Report.

1. City Officials should take the appropriate action to recover the unaccounted for moneys.

As noted above, the City reported the apparent misappropriation immediately to the District Attorney's Office. Mr. Whalen has been arrested and the City is working closely with the District Attorney to ensure that the misappropriated funds are returned to the City.

2. All receipts and disbursements should be deposited and disbursed from a bank account that is controlled and monitored by the City Comptroller's office. This will ensure that all receipts are properly deposited timely and intact and that disbursements go through the audit process and are for proper Department purposes.

Mr. Whalen opened an account under the name Binghamton City Sports League with himself as a signatory. He collected the funds and all bank statements were mailed to his home address. As a result, funds were diverted from being reviewed by the appropriate City officials. Using a separate account for certain funds through the Parks Department was a long standing practice and had continued through various City audits. The City established a Financial Control Committee to review all revenues and how same are handled by all departments. Each department is required to have a written standard operating procedure for all payments and appropriate checks and balances. The City has also designated a member of the Finance Department to perform spot audits to ensure compliance.

3. All City bank accounts should be established by the City.

This is the standard procedure. No City employee should establish a separate bank account and no bank should allow same to be established. Nonetheless, this seems to have been a common practice in the past. The City has closed any bank accounts used to deposit City funds or for funds being handled by City employees and established appropriate City accounts under the control of the Comptroller.